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COMMERCE AND WAR

I

INTERNATIONAL trade, we are often told, is one of the most powerful of the influences making for universal peace.

Century by century, decade by decade, the commercial relations between nations become closer. In steadily increasing measure the welfare of one nation is bound up with that of other nations through trade. Statesmen may view with alarm the increasing dependence of their countries upon foreign supplies and foreign markets, and endeavor to check the progress toward world organization through isolating policies of fiscal regulation. In vain. Since the time of Henry Clay we have striven to maintain an "American system" of economic organization; but the importance of our international economic relations has none the less vastly increased. There is no power in national governments sufficiently great to hold in check the modern tendency toward an order of universal economics.

That international trade is destined to increase in importance can hardly be denied. Is it certain, however, that trade between nations tends toward universal peace? Such was not the tendency in past ages. What was it that animated the mutual hatred of the Italian cities in the period of the Crusades? Competition for the trade of the Levant. The East India trade was responsible for a great share of the cruelties perpetrated in the struggle between Spain and the Netherlands. The bloody war between England and Holland in the 17th century was essentially a trade war. Competition in trade kept England and France in arms for one hundred years. The Napoleonic Wars were in part, at least, a result of trade rivalries, as was also the Crimean War. The Russo-Japanese War, the Boer War, the war between Italy and Turkey are recent wars in which the trading motive is easily discernible. Even our own Spanish-American War has been ascribed by certain European historians to a desire on the part of the American people for colonial markets.

Alongside of the optimistic view that increasing foreign trade is a force making for world peace, we must place the pessimistic view that all modern wars are essentially commercial, and that war is, in fact, an inevitable concomitant of trade expansion. The latter view appears, indeed, to have the better support from history. The growing dependence of Venice upon trade, in early modern times, made that state not less but more warlike. When the Netherlands began to engage heavily in trade, they also became prompt to accept occasions for war. Most of England's reputation for pertinacious fighting has been established since her assumption of the rôle of a great trading nation.

Accordingly it is a question of great interest whether a strife-breeding quality is really inherent in trade. If this be the case, the prospect of permanent international peace is remote indeed. There is every reason to believe that for ages to come international trade relations will grow increasingly important; and if trade is naturally bound up with war, this must signify only that the wars of the future will be more calamitous than those of the past.

II

If we wish to understand the relation between foreign commerce and war, we must inquire, first of all, whether we are justified in treating commerce purely in quantitative terms. Foreign trade manifests a wide variety, both in the objects that enter into it and in the circumstances in which it is conducted. In either respect it undergoes marked changes from generation to generation—changes that a purely quantitative study does not reveal. And even a very superficial examination of international relations indicates that it is the character, rather than the quantity of trade that bears upon the question of war or peace. England and Germany compete in the export of textiles to the United States; the trade is an important one, yet it is never enumerated among the causes of the alleged hostility existing between the two nations. Both countries are competitors in the purchase of American cotton, but this competition excites no international animosity whatever. For a number of years Canadian competition in the supplying of wheat to the

British market has threatened to confine our own wheat growers to the national market; but it would be difficult to find anywhere in the United States a trace of jealousy of Canadian agricultural development. For the United States, as for many other countries, England is by far the greatest market for exports and imports as well. Yet it has never occurred to our enemies to devise plans for excluding us from the British market, nor has it occurred to us that we might ever have to fight for it.

The markets of North China, on the other hand, are relatively unimportant, if measured quantitatively. Yet there are nations that endeavor to exclude other nations from them; and such exclusion would be regarded as proper ground for serious diplomatic representations, if not for war. Central Africa is worth scarcely anything to the white races except as a market. And, as a market, its power of supplying and absorbing products is low. Nevertheless, great powers have recently been brought to the verge of war by the question of the control of this region.

As the foregoing contrast indicates, there is a kind of trade which involves no warlike element, and another kind that is a natural cause of strife. In what does the difference fundamentally consist? Not in the kind of objects entering into trade, but in conditions arising in the field of values and determining the possibilities of profit.

Among nations in the same plane of civilization, already closely related through trade, there exists a fairly uniform scale of values. With due allowance for costs of transportation and customs duties, all movable goods command about the same price in the United States as in England or France or Germany. The American wheat exporter can just afford to send wheat to the British market. The price he receives pays him for his labor and risk, and gives him ordinarily a reasonable profit besides. It gives him no surplus on which to finance a campaign of exclusion against Canadian or Russian wheat exporters. The latter, also, are forced to content themselves with moderate rewards. There are no startling profits to excite international jealousies. Accordingly, there is nothing in a trade of this character that could by any chance lead to international strife.

Some ill feeling may occasionally be produced by what appear to be unfair competitive methods, such as "dumping." But this is essentially a matter of industrial, rather than commercial competition, and hence falls outside of the range of the present inquiry.

The trade between regions differing widely in civilization, especially if it is a new trade, stands on another footing. Here the most striking fact is discrepancy in the scale of values. In Oregon, one hundred years ago, four leaves of tobacco could command a beaver skin. On the African Gold Coast, in the early 18th century, a lucky trader might occasionally exchange a handful of salt for a handful of gold dust. There was a time when the Japanese ratio of gold to silver was one to four, while that of the Occident was one to fifteen. From such instances, chosen, it is significant to note, from the more or less remote past, it is easy to reconstruct for ourselves the conditions under which the foreign trader worked. A fortune was easily to be had through the exploitation of existing differences in value scales. In the nature of the case, however, profits of such character could not be permanent. They were essentially similar to those from placer mining: exceedingly remunerative to the first comer, but intolerant of competition.

Monopoly was a normal characteristic of trade between regions with widely varying scales of value. The East India Companies of Portugal, Holland, and England could not tolerate "interlopers"—their own nationals not authorized to trade under the laws of the companies. No more welcome were the interlopers in the American fur trade, or in the African slave trade. And if a chartered company could not tolerate the competition of its nationals, what must have been its attitude toward the citizens of other nations that attempted to trade in the territory which it had marked out for itself? History affords us an abundance of information bearing upon this question. Always the foreign trader was regarded with detestation. To mislead him by false information, to place him in the hands of corrupt guides who would conduct him out of the track of profitable trade or even into positive dangers, were among the mildest measures employed. If the foreigner manifested the

determination to force himself into the forbidden trade, distrust and ill will ripened into implacable hostility. The history of trade with so-called barbarous races is red with "factories" burned and massacres perpetrated. The nations to which the traders owed allegiance might be at peace; but between the traders themselves there could be no lasting peace. There is scarcely anything in history more barbarous than those wars of trading posts on the coasts of India or Africa or in the forests of America. It was a warfare without rules, having for its object not subjugation, but utter extermination.

It was inevitable that the bitterness arising from such conflicts should extend, in ever widening circles, until they colored the whole national consciousness. Spanish cruelty, French chicanery, British perfidy, and the cold greed of the Dutch, were popular concepts originating in the contest for trade on the fringe of Occidental civilization, or in economic terms, on the fringe of the Occidental value system. And these concepts, if they did not lead directly to international war, none the less afforded a basis for the warlike fervor upon which the statesman relied in his schemes of national aggrandizement.

III

For upward of a thousand years trade has been carried on between the commercialized Occident and regions under different scales of values. And in all this period the trader has provided causes of war, or contributed substantially to any other causes that might arise. In this millenium, however, the Occidental value system has gradually extended its borders. At the beginning of the period it included only the central European part of the Mediterranean basin. Trade with Syria, Africa and North Europe was worth fighting for. At the close of the epoch of discovery, most of Europe was under one value system; nations could afford to fight only for the trade of other continents. At the opening of the 19th century the cream of the exploitative trade of America and the East Indies had been skimmed; yet much remained worth monopolizing even there, and Eastern Asia and the greater part of Africa were virgin soil. At present, what remains? Parts of China and Central

Asia; the heart of Africa, a few remote districts like the headwaters of the Amazon and the territory around Hudson Bay. For the rest, the world is under a uniform scale of values. Exploitative trade, which for ten centuries incited the nations to war, has practically completed its mission.

Although the era of exploitative trade is almost at an end, it would be rash to assume that its political influence has vanished. Political systems are constantly adapting themselves to economic conditions, but always lag behind. In this sense, politics is past economics. Especially is this true of international politics, where tradition necessarily plays an exceedingly important part. Domestic policies may change with the rise to power of a new political party; but a nation's foreign policy is expected to remain consistent. Whatever party controls our government, we may be sure that it will cherish the Monroe Doctrine with traditional zeal. The British government, whether conservative, liberal or radical, must fix a watchful eye upon the trade routes to India. Russia, whether an absolute monarchy or a constitutional government, must keep alive its traditional yearning for Constantinople and British India. These and similar policies are in large measure the outgrowth of the exploitative trade that is now vanishing from the earth. The trading advantages to be derived from the occupation of India are no longer worth fighting for. With India under British rule the Russian trader finds no obstacles placed in his path; and if India were under Russian rule, its trade with England would not be seriously affected. One hundred years ago India was a rich prize, commercially; it is now merely a region in which men may buy and sell at moderate profits. Russia and Great Britain may yet fight over India, but if they do it will be chiefly on account of memories of economic relations now obsolete.

IV

The trade between regions of the same order of civilization has itself undergone noteworthy changes in character. In early modern times the commodities entering most generally into international trade were luxuries. Spices and gems from the East, amber from the Baltic, silks and other textiles from the

Mediterranean cities, arms from Germany and Spain, are typical of the wares that could bear the expense of transportation when carriage by land was laborious and carriage by sea fraught with risks. With the improvement of ocean and land carriage a vast commerce in staples grew up. Along with the commerce in staples has arisen what in default of a better name we may call a specialty trade, of which the automobile and the typewriter may be given as representative objects. The trade in specialties is, of course, still greatly inferior to the staple trade, but it is steadily increasing in relative importance.

These differences in character of trade are not without a bearing upon the questions of international politics. The trader sojourning in a foreign land is an important medium of communication of feeling between nations. According as the treatment he receives is cordial or hostile, he will contribute to international good will or to international hostility. Now, the trade in foreign luxuries has always been subject, in greater or less degree, to popular condemnation and often to hostile public regulation. The representative of such trade has shared the hostility directed toward it. Some indication of his position in an earlier time is given by the elaborate commercial treaties of the 18th century, designed to secure for the trader such elementary rights as freedom of domicile, security against unlawful seizure of his possessions, etc. The harshness of the laws regulating his business often forced him to employ illicit methods, the success of which was ordinarily assured by the fact that his wares were most frequently articles of fashion and could therefore make their way to the consumer in spite of the law. We need only to recall the spectacle of a British Parliament, debating more stringent rules for the exclusion of French textiles that fashion nevertheless required the members of Parliament to buy; or the endeavor of the officials of the French Empire to exclude from France the cashmere shawls that they yet were forced somehow to procure for their own wives and daughters. It is easy to represent to ourselves the feelings that a trade of this character must have excited in the foreign merchants who conducted it. They had every reason for contributing to the mutual contempt and detestation in which eighteenth century nations held one another.

With the trade in staples the case is entirely different. Even in early modern times the export of English wool to the Flanders proved a sound basis for harmonious political relations. The exporting nation rejoiced in a steady market, the importing nation in an unremitting supply of a commodity of wide use. The development of staple trade in the 19th century has nowhere evoked international hostility. We cannot quarrel with Great Britain for taking our wheat and cotton, nor can she quarrel with us for providing them. Merchants and their agents residing abroad in the interests of a staple trade have very rarely been subject to injury or indignity.

A staple trade may, of course, be crippled by adverse customs regulations; but in most instances such regulations concern national, rather than international politics. A German duty upon American cotton might be injurious to Americans engaged in the cotton trade, or to the American producers of cotton. Most of the injury, however, must fall upon the German cotton manufacturer and domestic consumer. The Germans may wish to hoist their cotton supply over their own tariff wall; but that is chiefly a matter that concerns them alone. The trade in staples is a powerful force and succeeds in making its way against even serious obstacles.

On the other hand, the staple trade cannot be said, of itself, to produce a conscious internationalism of feeling. Our exporters ship their cotton to the best market. The buyer nation may detest us, but it will not pay a higher price for cotton from a nation with which it is on better terms. There is, in short, no sentiment in the staple trade. The qualities of goods are known, as are the prevailing prices. The direction of the currents of trade is determined, as nearly as anything human can be, by mechanical laws.

In the specialty trade a different spirit must prevail. The staple sells itself. The specialty can be sold only through systematic cultivation of the market. No manufacturer of automobiles or farm machinery or typewriters can consign his products to a foreign market, in the confident expectation that they will be taken at remunerative prices. A definite demand for a particular type of product must precede its profitable supply.

In building up a demand for a specialty the exporter may man his foreign agencies with his fellow-countrymen, or he may employ foreign agents for the purpose. In either case it is necessary to cultivate cordial international relations. The French merchant who desires to work up an American market for his automobiles cannot afford to send to this country agents who are strongly imbued with the prejudice that America is a nation of barbarians. Nor can efficient service be expected from resident agents who are wanting in respect for the French. The international specialty trade, as has frequently been noted by observers of commercial conditions, manifests throughout its personnel a spirit of cosmopolitan good fellowship. It could not have been otherwise.

V.

More than any other branch of commerce, the specialty trades stand in need of stable and harmonious international relations. We cannot establish a foreign market for our automobiles or farm machinery without a considerable expense in building up a marketing organization. A severe customs duty directed against us virtually destroys a capital invested. It is not so with a staple trade. The British may levy a duty upon our wheat, and curtail our market, in some measure. But we have no capital invested in a wheat-marketing organization that the duty could destroy. It follows, then, that whereas exporters of staples may regard the commercial policy of foreign nations as something with which they need not be greatly concerned, specialty exporters are intimately interested in every change in commercial policy. Of all traders they are least able to survive a customs war or other serious disturbance of international business.

It may perhaps be supposed that the eagerness of the representatives of a foreign trader to cultivate the good will of the people among whom he hopes to conduct business will be met by hostility on the part of his domestic competitors. This, however, is to misconceive the character of the specialty market. The agents for different types of automobiles are, to be sure, competitors for sales, but they are virtually coöperating in producing a general interest in automobiles. There is excel-

lent warrant for the view, often expressed by automobile dealers, that more machines of American make have been sold in this country than would have been sold if French machines had never been imported. From trade of this character international harmony is the most natural result.

One of the two great branches into which trade is historically divisible, typified by commerce with colonials, barbarians, infidels, naturally breeds war. This branch of trade has very nearly disappeared through the extension of the Occidental value system to the ends of the world. Of the other great branch, one form, the trade in luxuries, once predominant but now relatively insignificant, has served in its time to produce international discord. The great staple trade of modern times has had nothing to gain from international animosities, and the growing specialty trade has everything to lose from them. We are therefore justified in asserting that war and commerce, united through a thousand years, are now in fact divorced, except perhaps in the eyes of the international politician, who still premises his action upon their ancient relation.

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